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DEPARTMENT OF AUDITOR-CONTROLLER**

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August 18, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

A handwritten signature in blue ink, appearing to read "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **LOS ANGELES FAMILY HOUSING CORPORATION – A DEPARTMENT  
OF PUBLIC HEALTH HIV/AIDS CARE SERVICES PROVIDER**

We completed a fiscal review of the Los Angeles Family Housing Corporation (LAFHC or Agency), a Department of Public Health (DPH) HIV/AIDS care services provider.

**Background**

The DPH's Office of AIDS Programs and Policy (OAPP) contracts with LAFHC to provide residential emergency housing and transitional housing services to indigent persons with the HIV/AIDS disease. LAFHC is located in the Third District.

At the time of our review, LAFHC had one fixed-fee contract with OAPP. The County paid LAFHC \$12,160 in OAPP program funds from March 2007 to November 2008 and \$22,451 from March 2006 to February 2007. The contract required the Agency to comply with the Ryan White Comprehensive AIDS Resource Emergency Act (CARE Act) and other federal and State program requirements.

**Purpose/Methodology**

The purpose of our review was to ensure that LAFHC appropriately spent funds in accordance with the County contract. We also evaluated the adequacy of LAFHC's accounting records, internal controls, and compliance with the contract and applicable federal and State fiscal guidelines governing the CARE Act.

### **Results of Review**

Overall, LAFHC maintained documentation to support services provided to eligible participants as required by the County contract. The Agency also appropriately recorded and deposited cash receipts timely in the Agency's bank account and maintained updated personnel files for their staff. However, LAFHC did not develop a client fee determination system as required by the County contract and services were not always supported by resident attendance sheets.

The details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with LAFHC and OAPP on May 6, 2009. In their attached response, the Agency agreed with our findings and recommendations. We also notified OAPP of the results of our review.

We thank LAFHC for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer  
Jonathan E. Fielding, Director, Department of Public Health  
Ross E. Winn, Chair Board of Directors, LAFHC  
Stephanie Klasky-Gamer, Chief Executive Officer, LAFHC  
Public Information Office  
Audit Committee

**HIV/AIDS CARE SERVICES  
LOS ANGELES FAMILY HOUSING CORPORATION  
FISCAL YEAR 2007-08 and 2008-09**

**SERVICES BILLED/ELIGIBILITY**

**Objective**

Determine whether Los Angeles Family Housing Corporation (LAFHC or Agency), provided services to individuals that meet the eligibility requirements of the Office of AIDS Programs and Policy (OAPP). In addition, determine the accuracy of the units of service billed.

**Verification**

We reviewed the case files for six program participants that received services in March, April and November 2008 for documentation to confirm their eligibility to receive OAPP program services. We also traced the amount of days the Agency billed the Department of Public Health (DPH) to supporting documentation.

**Results**

The case files for all six program participants contained documentation to support the participants' eligibility to receive program services. However, LAFHC did not implement a client/patient fee determination system as required by the County contract. The County requires fees to be determined based on the clients/patients' ability to pay using a pre-determined fee schedule which must be approved by OAPP.

In addition, the Agency did not maintain sign-in sheets to support the billings for two participants. Although we were able to verify that the two participants received services for the days billed through other supporting documentation, the Agency needs to maintain a sign-in sheet for each program resident.

**Recommendations**

**LAFHC management:**

- 1. Establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.**
- 2. Ensure a sign-in sheet is maintained for each program resident billed to OAPP.**

**CASH/REVENUE**

**Objective**

Determine whether cash receipts are properly recorded in the Agency's financial records and deposited timely in the Agency's bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed the Agency's financial records. We also reviewed the Agency's November 2008 bank reconciliations for two bank accounts.

**Results**

LAFHC properly recorded and deposited OAPP payments timely into the Agency's bank account. In addition, LAFHC reconciled their bank accounts on a monthly basis.

**Recommendation**

None.

**EXPENDITURES**

**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately charged to the program.

**Verification**

We interviewed Agency personnel, reviewed accounting records and reviewed documentation for three program expenditure transactions totaling \$1,485 incurred in March 2008.

**Results**

LAFHC's expenditures were allowable and supported by documentation as required by the contract.

**Recommendation**

None.

## **FIXED ASSETS AND EQUIPMENT**

### **Objective**

Determine whether the Agency's fixed assets and equipment purchases made with program funds are used for the OAPP program and are safeguarded.

We did not perform testwork in this area as LAFHC did not purchase fixed assets with OAPP funds.

## **PAYROLL AND PERSONNEL**

### **Objective**

Determine whether payroll expenditures were appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

### **Verification**

We traced the payroll expenditures for eight program employees totaling \$816 to the payroll records and benefit remittance invoices for November 2008. We also reviewed the employees' personnel files.

### **Results**

LAFHC's salaries and employee benefits were properly supported and appropriately charged to the OAPP program. The Agency also maintained personnel files as required by the County contract.

### **Recommendation**

None.

## **COST ALLOCATION PLAN**

### **Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in accordance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

### **Verification**

We reviewed the Agency's Cost Allocation Plan and a sample of allocated expenditures incurred by the Agency for March 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

LAFHC's Cost Allocation Plan was prepared in compliance with the County contract. In addition, the Agency allocated costs to the program was in accordance with their Cost Allocation Plan.

**Recommendation**

**None.**

**COST REPORT**

**Objective**

Determine whether the Agency's Cost Report reconciles to the Agency's financial accounting records.

**Verification**

We traced the Agency's general ledger to the Agency's Cost Report submitted to OAPP for the period ended February 2008.

**Results**

LAFHC's Cost Report was supported by the Agency's financial records.

**Recommendation**

**None.**



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June 15, 2009

Maria McGloin  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
350 S. Figueroa St. 8<sup>th</sup> Floor  
Los Angeles CA 90074

RE: OAPP Contract # H-701319  
L. A. Family Housing

The following response pertains to recommendations made as a result of the fiscal review conducted by the County Auditor-Controller Office for the fiscal year 2007-2008 and 2008-2009.

Services Billed/Eligibility

Recommendations

1. Ensure Sign-in Sheet is maintained for each program resident billed to OAPP.
2. Establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.

Response

L. A. Family Housing has addressed the above noted recommendations as follows:

1. As of May 1, 2009, sign-in procedures at TLC were amended to include the requirement that all adult residents must sign-in on a daily basis.
2. A client/patient fee determination system was developed and submitted to OAPP for review and approval on May 29, 2009.

Should you have any questions, please feel free to contact Megan Engstrom, Associate Director of Program Management at (818) 255-2740.

Thank you,

Christine Ferguson  
V.P. of Programs